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ANNUAL REPORT OF THE ADMINISTRATOR FOR 1996 AND RELATED MATTERS

Addendum

PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

SUMMARY

The present report contains an account of the activities of the UNDP Programme of Assistance to the Palestinian People (PAPP) during 1996 and includes sections on the overall situation of PAPP, programme strategy and delivery, the financial situation of PAPP, operational highlights and the role of UNDP in coordination. A recommendation for Executive Board action is contained in chapter VI.

CONTENTS

		Paragraphs	Page
I.	OVERALL SITUATION	1 - 3	2
II.	PROGRAMME STRATEGY AND DELIVERY	4 - 6	2
III.	FINANCIAL SITUATION	7 - 10	3
IV.	OPERATIONAL HIGHLIGHTS	11 - 33	3
V.	UNDP ROLE IN COORDINATION	34 - 35	7
VI.	EXECUTIVE BOARD ACTION	36	8

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I. OVERALL SITUATION

1. Under the Interim Autonomy Agreement (or "Oslo II Accord") signed in September 1995 between the Government of Israel and the Palestine Liberation Organization (PLO), the Palestinian people participated in democratic elections held in January 1996 to select the Head of the Palestinian Authority and the 88 members of the newly-established Palestinian Legislative Council. These elections were followed by the swearing in of the new Cabinet of the Palestinian Authority in June. Since then progress in the peace process has slowed down significantly, and the final status negotiations, which were to have begun in mid-1996, have yet to start.

2. The year 1996 was characterized largely by a severe economic downturn in the West Bank and Gaza, an increase in unemployment, a serious budgetary crisis in the Palestinian Authority due to the unfavourable economic situation, occurrences of turmoil and violence and prolonged periods of closure of the West Bank and Gaza.

3. In October 1996, the Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO) estimated that per capita income in the West Bank and Gaza had fallen by nearly 25 per cent from its level in 1992, before the peace process began. The Palestinian labour force, which had to a large degree been dependent on jobs in Israel, is facing unemployment rates estimated at up to 60 per cent in Gaza and 40 per cent on the West Bank. The 1996 deficit of the Palestinian Authority, which as recently as January 1996 was forecast at $75 million, has since then been estimated at over $125 million.

II. PROGRAMME STRATEGY AND DELIVERY

4. Throughout 1996 delivery remained the foremost priority of UNDP/PAPP. Expenditure in 1996 amounted to about $52 million, compared to $37 million in 1995. This significant increase is accountable to the innovative modalities under which PAPP operates in close cooperation with the Palestinian Authority at all levels.

5. Pursuant to the strategies and initiatives identified in the UNDP/PAPP programme framework (1996-1998), as reported in document DP/1995/20/Rev.1, PAPP has been paying increased attention to the expansion of its advocacy role in the promotion of sustainable human development themes, such as poverty elimination, sustainable livelihoods, gender in development and environmental management.

6. In 1996 PAPP also launched major activities to enhance governance at the local, municipal and central level of the Palestinian Authority. In carrying these activities out, PAPP took full advantage of the considerable local expertise available in the area.

III. FINANCIAL SITUATION

7. With expenditures of about $52 million, UNDP/PAPP ranks as one of the three largest implementers of donor-funded projects in the West Bank and Gaza, the other two being the United Nations Relief and Works Agency (UNRWA) and the Palestinian Economic Council for Development and Reconstruction (PECDAR).

8. UNDP/PAPP continues to be self-financing to a large degree. As in previous years, the administrative costs of maintaining the UNDP/PAPP office were met primarily through the income earned from implementing donor-funded projects, while the core administrative budget contribution from central UNDP resources remained at its previous level of $710,000. This unique financial arrangement has enabled UNDP/PAPP to finance its staff of 125, largely composed of highly skilled Palestinian technical, engineering and programming professionals, and enhanced by tapping the Junior Professional Officer (JPO) Programme, thanks to funding received from a number of bilateral donors.

9. UNDP/PAPP is primarily supported by bilateral donors. Since September 1993 when the Declaration of Principles was signed and the peace process began, 11 bilateral donors have contributed over $130 million to UNDP/PAPP and have made firm commitments amounting to a further $33 million to be donated towards the end of 1996 and early in 1997. In 1996 alone seven bilateral donors contributed over $34 million. Given the demonstrated rapid-delivery capacity of UNDP/PAPP under varying conditions, there is reason to hope that a high level of support will be maintained by bilateral donors into 1997. In this regard, it should be noted that PAPP management remains committed to its extensive resource mobilization activities.

10. In addition to bilateral donor contributions, UNDP/PAPP also had access to $1.5 million out of a total of $4 million earmarked from line 1.1.3 of the target for resource assignment from the core (TRAC) for 1997. UNDP/PAPP began to programme and utilize these core resources in 1996 for the purpose of initiating capacity-building support programmes with the Palestinian Authority, in such areas as agriculture, tourism development and public administration.

IV. OPERATIONAL HIGHLIGHTS

11. In implementation of its overall strategies as described above, PAPP launched a number of activities, several of which are described below.

12. Because of the severe economic situation in the West Bank and Gaza and prolonged periods of border closures, a primary UNDP/PAPP programme intervention was aimed at ensuring sustainable livelihoods for Palestinians through employment generation projects. In 1996, UNDP/PAPP created 26,000 temporary jobs by means of six new employment generation projects valued at $15 million, in addition to $18 million for activities relating to employment generation continued from 1995.

13. Through the Sectoral Working Group on Employment Generation, UNDP/PAPP continues to play an active role both in providing rapid implementation

mechanisms and in establishing and supporting the management structure of the Palestinian Authority. In addition, in the second half of 1996, UNDP/PAPP began to formulate large-scale employment programmes, such as the one relating to infrastructure rehabilitation for the upcoming Bethlehem 2000 activities and other programmes in land reclamation, spring rehabilitation and water harvesting, which have the potential to expand employment opportunities in agriculture. Firm commitments for an additional $9 million have already been secured from bilateral donors to undertake employment generation activities in Jericho, Bethlehem and Khan Younis.

14. In 1996, UNDP/PAPP consolidated and strengthened its relationship with the PECDAR Programme Management Unit in Gaza as its primary counterpart in the formulation and implementation of employment generation activities. In addition, increased emphasis was placed on efforts to increase the involvement of other Palestinian partners in implementation, including municipalities, ministries of the Palestinian Authority and NGOs. The employment generation programme was also introduced on the West Bank for the first time in 1996. Although the unemployment situation is not as severe there as in Gaza, it constitutes a major constraint on the development of the Palestinian economy.

15. UNDP/PAPP not only provides technical backstopping and accountability for employment generation projects, it also transfers technical and managerial skills and implementation capacities to counterpart institutions of the Palestinian Authority. Many joint activities of this nature have been incorporated by the Palestinian Authority into its Public Investment Programme for 1997, which was presented to the donor community at the Consultative Group meeting held in November 1996.

16. UNDP/PAPP has continued to advocate maximum integration of UNDP-funded technical experts into ministries or other central institutions of the Palestinian Authority. This led to the recruitment of two international Chief Technical Advisors (CTAs) in agriculture and one CTA in tourism in 1996, and the selection process for recruiting CTAs for the Public Administration Support Programme and the Local Rural Development Programme has been completed. Not only are these high-level technical advisors helping UNDP/PAPP to formulate and deliver its programme activities, but they are also assisting the Palestinian Authority, on a day-to-day basis, with long-term development planning and the formulation of new projects and programmes. Thus they serve as facilitators both of UNDP activities and of the development activities of institutions of the Palestinian Authority.

17. Under its Infrastructure Development Programme, UNDP/PAPP continued to operate in the drinking water and sanitation sector through both physical infrastructure rehabilitation and institution-building. Domestic water systems for 20 rural villages were constructed in the West Bank; these supply water to over 100,000 villagers. Rehabilitation of existing water networks and construction of ground storage reservoirs were undertaken in the West Bank cities of Hebron and Tulkarem. In Gaza, UNDP/PAPP rehabilitated and upgraded the water distribution system for Khan Younis and completed a sewage collection system for an area adjacent to the Jebalia refugee camp, which serves a population of 30,000 refugees.

18. As part of the same programme, UNDP/PAPP undertook three primary activities in 1996 in institutional development within the water and waste-water sectors. These included: (a) assistance to the Palestinian Water Authority (PWA) in its mandate to ensure effective management of water resources throughout the West Bank and Gaza; (b) in cooperation with PWA, completion of a master plan for the development of an integrated sewerage system covering the middle region of the West Bank, including a pre-feasibility study on waste-water treatment and reuse in Hebron; and (c) the provision of training and other support to municipal water departments in the operation and maintenance of water supply systems and the control of leakage in them.

19. Infrastructure management activities relating to the physical infrastructure in the education sector in 1996 included the rehabilitation of 17 schools in rural areas of the West Bank; the construction of a school and a sports complex in Jericho, including a stadium built to international standards, with seating capacity for 5,000 spectators; and the construction of agricultural training schools in Gaza and in the West Bank District of Hebron.

20. In the health sector, UNDP/PAPP constructed operating facilities and intensive care units at Ittihad Hospital in Nablus, completed a service tower and equipment room at the Beit Jala Hospital and initiated construction of on emergency and intensive care facilities at the Tulkarem Hospital.

21. In the housing sector, UNDP/PAPP completed a four-building apartment complex consisting of 256 housing units for families of the Palestinian Police Force.

22. The total value of UNDP/PAPP activities in its Infrastructure Development Programme in 1996 amounted to over $37 million. Bilateral contributors included Finland, Italy, Japan, Norway, Switzerland and the United States of America.

23. UNDP/PAPP strengthened its role in promoting the sustainable human development approach in the Palestinian context through a number of initiatives, such as that of preparing a human development profile. This project, which is scheduled to be completed in April 1997, involves extensive consultations with the Palestinian Authority, civil society institutions, United Nations agencies operating in the field and Palestinian experts from the diaspora. In 1996, PAPP also strengthened the capacity of its human development section to enable it to interact with all activities undertaken by the Programme.

24. Within the context of the International Year for the Eradication of Poverty, UNDP/PAPP has launched a number of initiatives with the Palestinian community on aspects and the root causes of poverty in the West Bank and Gaza with a view to defining and setting priorities for actions, such as poverty-mapping and the identification of policy options for those ministries of the Palestinian Authority which are the most seriously concerned with the eradication of poverty.

25. The primary objective of the Gender-in-Development Programme is to strengthen the formulation, implementation and monitoring of gender-sensitive policies by Palestinian policy makers, planning bodies, civil society

organizations and research institutes. This programme expanded its activities in 1996 on the basis of the recommendations endorsed at the Fourth World Conference on Women held in Beijing in September 1995. One of the immediate results of this expansion was the establishment of gender-in-development departments within selected ministries of the Palestinian Authority. These departments provide an interministerial framework through which a poverty-related intervention, focusing on rural women, is being implemented. Another project was launched to assist the Palestinian Central Bureau of Statistics in producing statistics disaggregated by gender.

26. Gains were made during 1996 towards the integration of two public sector activities carried out by UNDP/PAPP - the Public Administration Training Programme and an activity relating to the transfer of knowledge through expatriate Palestinians - into the National Centre for Public Administration (NCPA) of the Palestinian Authority. In 1996, 44 expatriate Palestinian consultants were fielded through the programme on the Transfer of Knowledge Through Expatriate Nations (TOKTEN) to the benefit of 28 institutions of the Palestinian Authority, including ministries, central institutions, universities and research centres. More than 1,500 Palestinian civil servants participated in over 70 training courses that were conducted through the Public Administration Training Programme.

27. A UNDP/PAPP Governance and Public Administration Support Programme was formulated in 1996 with technical support from the UNDP Management Development and Governance Division (MDGD). This programme aims at strengthening the auditing capacities of the General Control Institution; supporting interministerial coordination, particularly in the policy-formulation process; and training local government officials to support decentralization efforts.

28. Agriculture became an area of focus for UNDP/PAPP in 1996. Several large-scale programmes were developed in the areas of policy analysis and planning, institutional support, research and extension, brucellosis control and the development or rehabilitation of land and water resources through labour-based methods. These programmes were launched, in cooperation with the Food and Agriculture Organization of the United Nations (FAO) and the Arab Organization for Agricultural Development (AOAD). One CTA has been placed within the Ministry of Agriculture to support its work and another has been recruited to assist in the revitalization of agricultural research and extension services. In parallel, a programme of cooperation between the Ministry of Agriculture of the Palestinian Authority and regional centres of excellence was initiated.

29. In another private-sector area, UNDP/PAPP has worked in partnership with the World Tourism Organization (WTO) to launch the initial phase of a support programme in tourism development in the West Bank and Gaza. Under this programme, UNDP/PAPP and WTO are working with the Ministry of Tourism and the Bethlehem 2000 Committee to plan and develop tourism activities in the region.

30. The UNDP/United Nations Capital Development Fund (UNCDF) Local Rural Development Programme was reformulated in 1996. Under this programme, a successful experiment in decentralized planning and financing for rural

development will be turned into an integrated programme within the Ministry of Local Government of the Palestinian Authority. While expanding its operations on the West Bank, the programme will help the Palestinian Authority to introduce a system of intergovernmental fiscal transfers from central to local levels. This is expected to result in an expenditure of $25 million in rural development investments over a four-year period. Contributions totalling $5.5 million have already been secured from the Government of Japan as well as from core resources of UNCDF and UNDP.

31. Activities of the United Nations Volunteer (UNV) programme in the West Bank and Gaza were expanded and diversified in 1996, the number of UNVs serving there now totalling over 20. A national UNV modality was launched so that teams of international and national UNVs can now work together to support Palestinian institutions, such as the Municipalities of Gaza and Palestinian NGOs. National UNVs are an integral part of the youth project, which is aimed at rehabilitating seven youth centres throughout Gaza and providing cultural, athletic and educational activities for the youth of Gaza, who comprise over half the population. The White Helmets Initiative, sponsored by the Government of Argentina, also went into operation in 1996, through a pilot programme in urban planning and geographic information systems to benefit the Municipality of Gaza.

32. UNDP/PAPP continued to provide support to other United Nations bodies operating in the West Bank and Gaza, utilizing a portion of its TRAC 1.1.3 resources to draw upon the technical expertise of bodies such as FAO, WTO, and the UNV programme. UNDP/PAPP also provided logistical and administrative support to the programmes of the United Nations Development Fund for Women and the United Nations Industrial Development Organization, both of which established field presences in the West Bank and Gaza in 1996.

33. In a recent development facilitated by UNDP/PAPP, the Palestinian Territories became eligible to benefit from activities sponsored by the Global Environment Facility (GEF), including project activities in biodiversity conservation and energy which are to be launched in 1997.

V. UNDP ROLE IN COORDINATION

34. UNDP/PAPP continued to support UNSCO, which is mandated by the Secretary-General of the United Nations to facilitate coordination among United Nations programmes and organizations operating in the West Bank and Gaza. This support includes serving as secretariat to six of the twelve sectoral working groups established in January 1995 to promote and coordinate activities of donors in various sectors according to the priorities of the Palestinian Authority. The role of UNDP/PAPP in coordination included the drafting, at the request of the United Nations Special Coordinator, of four out of six of the United Nations strategy papers prepared for the United Nations priority sector groups established in the areas of education, employment generation, health, infrastructure and housing, institution-building and private sector development.

35. UNDP/PAPP also facilitated coordination at the technical level. The contribution of CTAs to ministries of the Palestinian Authority, the formulation

of a number of sectoral support programmes and the active, day-to-day support provided to the Palestinian Authority have been relevant factors in this connection, especially in the areas of employment generation, infrastructure rehabilitation, agriculture and public administration.

VI. EXECUTIVE BOARD ACTION

36. The Executive Board may wish to:

1. Take note of the present report;

2. Encourage the international donor community to continue and to expand its contributions to the Programme of Assistance to the Palestinian People and continue to take full advantage of its rapid implementation and delivery capacities, particularly in the context of the large-scale capacity-building support programmes which have been formulated with the Palestinian Authority in such areas as agriculture, employment generation, rural development and public administration.